

# Health Insurance:

## *Your Options When You Retire*

Presented by

### **The Health Insurance Team**

*Montgomery County Government  
Office of Human Resources (OHR)*

*Updated 11/19/2014*



# During the Presentation, Please...

- Ask only general (not personal) insurance questions
- Write down any personal health insurance inquiries on the provided yellow pads; hand your sheet to the presenter after the presentation

*Thank you for ensuring that your personal health information remains private!*

# What Happens to Your Insurance?

- Generally, you may take your life and group insurance with you into retirement. It is the same coverage as that offered to active employees except that the following plans are not available:
  - NVA Vision Plan
  - Dental DHMO
  - Flexible Spending Accounts (FSAs)

# Changing Your Group Insurance

Retirement is considered a qualifying status change (life event), so you are able to make changes to your group insurance now!



Also, each fall, you can make certain changes to your group insurance during Open Enrollment. Changes made are effective the following plan year. Otherwise, you must have a qualifying status change (“life event”) to make changes during the year...

# Changing Your Group Insurance

Examples of a change in status:

- Marriage, divorce, remarriage
- Birth or adoption of a dependent
- Death of a dependent
- Spouse's loss of coverage under another plan
- Unable to verify dependent eligibility or disability
- Court-ordered custody of minor child(ren)

Changes for life events are effective when all completed paperwork and supporting documentation is received by OHR, except newborns/adoptions **which** are effective retroactive to date of birth/adoption. You have 60 days from the date of the event to notify OHR of your qualified status change.

# Eligible Dependents

For Medical, Rx, Dental & Vision



## **Your spouse or domestic partner if:**

- Legally married? YES
- If my domestic partner is registered with the County? YES
- Divorced or the domestic partnership has dissolved? NO

## **Your children who are your biological children, legally adopted children, stepchildren, children of a domestic partner or children under your legal custody *and* who are either:**

- Under age 26? YES
- Age 26 and over? NO, UNLESS INCAPABLE OF SELF SUPPORT

## **Relatives:**

- Sisters, brothers, parents or parents-in-law? NO
- Grandparents, grandchildren, aunts, uncles, cousins, nieces or nephews? NO

# Eligible Dependents

For Medical, Rx, Dental & Vision



- **For a Biological Child:** State Birth Certificate\* (For newborns, OHR will accept hospital discharge papers for first 60 days; birth certificate must then be submitted)
- **For an Adopted Child:** Copy of Adoption or Placement for Adoption Papers
- **For a Step Child:** State Birth Certificate\*, Marriage Certificate and Divorce Decree or Custody Papers
- **For a Disabled Child:** Medical plan verification of disability prior to age 26
- **For Legal Custody:** Copy of Court Order granting legal custody

\* Must show plan member or spouse/domestic partner as parent

# Eligible Dependents

For Medical, Rx, Dental & Vision



What is considered proof of eligibility?

- **To add a Spouse:** Official State Marriage Certificate (certified by appropriate State or County Official)
- **To add a Domestic Partner:** County's Domestic Partner Affidavit or an official copy of a State issued Domestic Partnership Registration




# Eligible Dependents

## For Medical, Rx, Dental & Vision



### Official State Marriage Certificate (certified by appropriate State or County Official)

**Certificate of Marriage**



I certify that I witnessed vows joining in the holy sacrament of Matrimony:


John Sidney McCain Husband  
and Sarah Louise Palin Wife

With great joy, I affirm this marriage of July 2, 2011 at Chesapeake Beach Resort & Spa in Chesapeake Beach, Maryland. I acknowledge this marriage to be blessed by all God's people, witnessed by Family and Friends present, and by the Catholic Church through my testament:

James H. Bush  
James H. Bush, Bishop, The Catholic Diocese of One Spirit, Clifton, Virginia

Witness for the Bride: Matthew Beckwith, Carrie McIntyre, Stacy G. GIMED  
Witness for the Groom: Dave Anderson, John Wills, Britt Johnson

Not acceptable



**Certificate of Marriage**  
**State of Maryland**

LICENSE NO.  
203031

MONTGOMERY COUNTY

I Hereby Certify that on the 27th day of OCTOBER 2000  
the following persons were by me united in marriage at ROCKVILLE MARYLAND  
in accordance with the License of the Clerk of the Court in the jurisdiction shown above.

Groom's Name Billy Bob Throton Jr.  
Age 40  
Residence LANDOVER PG MD  
Birthplace WASHINGTON DC  
Marital Status SINGLE

Bride's Name Raven Simone Potts  
Age 25  
Residence ROCKVILLE MD  
Birthplace JAMAICA  
Marital Status SINGLE

Relationship to groom if any NONE

Groom's S.S. No. \_\_\_\_\_  
Bride's S.S. No. \_\_\_\_\_  
Issue Date September 27, 2000  
This license is valid for six months beginning 6:00am, September 29, 2000.  
633/312

Leslie I. Stark  
Signature of Authorized Officer  
**DEPUTY CLERK OF THE CIRCUIT COURT**  
Title and Office  
ROCKVILLE MARYLAND  
Address of Authorized Officer


Acceptable

# Eligible Dependents

## For Medical, Rx, Dental & Vision



### Official State Marriage Certificate (certified by appropriate State or County Official)

 *Certificate of Marriage*  
State of Maryland  
BALTIMORE COUNTY (03)

LICENSE NO. 12345

I Heroby Certify that on the 15<sup>th</sup> day of June 1999  
the following persons were by me united in marriage at Baltimore  
(City or Town)  
in accordance with the License of the Clerk of the Court in the jurisdiction shown above.

Groom's Name John Doe Humperdink Age 23 Birthplace Maryland  
(State)  
Residence Glen Burnie A. A. Co. Maryland Marital Status Single  
(Town or City) (County) (State)  
Bride's Name Jane Doe Gottago Age 22 Birthplace Maryland  
(State)  
Residence Baltimore, 07 Balto. Co., Maryland Marital Status Single  
(Town or City) (County) (State)  
Relationship to groom if any None

Signature of Officiating Minister or Authorized Officer  
James Michael Smith  
Title and Religious Discrimination of Office  
Quaker Pastor  
Address of Clergyman or Authorized Officer  
6950 N. Highland Rd 21007

License Date April 19 1999

Not acceptable


Office of the Clerk of the Circuit Court for Montgomery County, MD

State of Maryland Montgomery County, Sct.

I HEREBY CERTIFY, That a Marriage License was issued to  
Drew Hill Aberdeen Age 29 Marital Status SINGLE  
Carey Amanda Fisher Age 27 Marital Status SINGLE  
on the 6th day of February A.D. 2014  
as appears by the Record of Marriage Licenses of this office, Liber 850 Folio 74

And I further certify that a Certificate of Marriage was returned to this office on  
March 5, 2014, by Stephen Hawkins, Minister or Authorized Official,  
showing that the above named parties were married at SILVER SPRING, MD  
on March 1, 2014

In Testimony Whereof, I hereunto subscribe my name and  
affix the seal of the Circuit Court for Montgomery County,  
at Rockville, Maryland, this 15th  
day of May A.D. 2014

  
Debra E. Knight  
Clerk of the Circuit Court for Montgomery County

LHC9 20121205

Acceptable

# Eligibility



If you are a member of the optional or integrated plan under the Montgomery County Employees' Retirement System (ERS) and hired **before July 1, 2011**, and retire under a normal, early, disability or discontinued service retirement, you are eligible for group insurance benefits. However, you are **not** eligible for group insurance benefits if you leave County service prior to retirement eligibility with a deferred vested benefit payable upon your normal retirement date.

<i>If you belong to Group</i>	<i>Early Retirement at least...</i>	<i>Normal Retirement at least...</i>
A, AZ, AK or H, HZ, HK, or AB AT, AS, or UZ, UK A/H (SLT or police TCC supv. or on-supv.)	15 years of service and age 50 20 years of service and age 45	5 years of service and age 60 30 years of service and age 55  30 years of service and age 50
E, EZ, EK	15 years of service and age 45 20 years of service and age 41	15 years of service and age 55 25 years of service and age 46
F, FZ, FK	15 years of service and age 45 20 years of service and age 41	15 years of service and age 55 25 years of service and any age
DRSP Entry		25 years of service and age 46
G, GZ, GK	N/A	15 years of service and age 55 20 years of service and any age
DROP Entry		Eligible for normal retirement

# Eligibility



If you are a member of the Montgomery County Elected Officials' Plan (EOP, Group ZK), the Retirement Savings Plan (RSP, Group RN, RM, RC, RP), or the Guaranteed Retirement Income Plan (GRIP, Group CN, CM, CC, CP, CZ) and hired **before July 1, 2011**, you are eligible for group insurance upon separation from service if your age and credited service under a County Retirement Plan at the time of separation from service meet the following:

<i>If you belong to Group</i>	<i>And you have credited service of at least</i>	<i>And your age is at least</i>
RN, RM RC; or	5 years	60
CN, CM, CC, CZ; or	15 years	50
ZK	20 years	45
RP, CP - Police,	15 years	45
Corrections, Sheriffs	20 years	41
RP, CP - Fire	20 years	Any age

# Eligibility



If you are a member of any County retirement plan and hired or rehired as a permanent employee on or after **July 1, 2011**, you must have **at least 10 years of County service** (credited under a County retirement plan) to be eligible for group insurance continuation when you leave County service. All other eligibility criteria remain the same as for employees hired before July 1, 2011 in the previous charts (e.g., must have 15 years of credited service and be at least 50 years old).

# How Much Will You Pay For Insurance At Retirement?



**If your most recent hire date was before January 1, 1987**, you have a choice of premium cost shares. You can either:

**A)** Elect the 80/20 cost share, meaning that 80% of your premium is paid by the County and 20% by you for the length of time you were eligible for group insurance. You or a surviving family member will be responsible for 100% of the premium at the end of that time period.

For example, if you were eligible for group insurance for 20 years and 6 months and were retiring on 5/1/2015:

5/1/2015 + 20 and 6 = November 1, 2035 @ 100% **OR**

**B)** Elect the lifetime cost share of 70%\* paid by the County and 30%\* paid by you. The County will always contribute 70% toward your group insurance coverage. (\*The percentage will depend upon your actual length of County service as described in the next slide.)

**The premium cost share election is a one-time irrevocable choice.**

# How Much Will You Pay For Insurance At Retirement?



If your most recent hire date was on or after January 1, 1987 but before July 1, 2011, then the cost share arrangement at right applies to you.

Note: “Years” refers to years of eligibility under the health insurance plan; it does not include any transferred or purchased service, or any sick leave converted to credited service for ERS purposes.

Years of service	You pay
5	50%
6	48%
7	46%
8	44%
9	42%
10	40%
11	38%
12	36%
13	34%
14	32%
15+	30%



# How Much Will You Pay For Insurance At Retirement?



The cost share arrangement shown at right applies to you if your most recent hire date was on or after July 1, 2011.

Note: “Years” refers to years of eligibility under the health insurance plan; it does not include any transferred or purchased service, or any sick leave converted to credited service for ERS purposes.

Years of service	You pay
10	50.00%
11	48.67%
12	47.34%
13	46.00%
14	44.67%
15	43.34%
16	42.00%
17	40.67%
18	39.34%
19	38.00%
20	36.67%
21	35.34%
22	34.00%
23	32.67%
24	31.34%
25+	30.00%



# Imputed Income for Domestic Partner Health Benefits



## What is imputed income and how does it affect domestic partner benefits?

- The IRS defines imputed income as: non-cash, employer-provided benefit that is considered taxable
- The cost of health insurance benefits is taxable and becomes *imputed income* for a domestic partner and any children of a domestic partner
- The cost for health insurance benefits is not taxable for spouses and their dependents

# How Do You Pay Your County Insurance Premiums at Retirement?



**Members of the Retirement Savings Plan (RSP) or Guaranteed Retirement Income Plan (GRIP):** You are billed directly for your health insurance through the County's third party administrator, Benefit Strategies. For more information, contact them at 1-888-401-3539 or <http://benstrat.com/participants.php>.

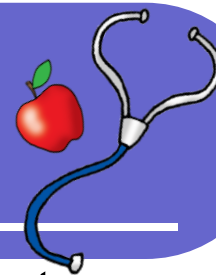
**Members of the Employees' Retirement System (ERS):** Your health insurance premiums are deducted directly from your pension paychecks. If there are not enough funds to cover the health insurance premiums, the member is direct billed as described above.

# Can Your Spouse Keep Your Insurance...

If You Predecease Your Spouse?

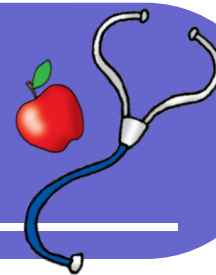
- YES! As a retiree, your spouse will be offered the option to remain on the County's health insurance plan for the rest of his or her life.
- The cost share percentage that you choose when you retire remains the same for your surviving spouse.

# What Is Medicare?



- Part A of Medicare is mandatory and covers most inpatient hospitalization benefits after the \$1,260 deductible.
  - Part A is effective the month in which you turn 65.
- Part B of Medicare covers 80% of doctor bills and other outpatient expenses after the \$147 deductible; it is required if you want to receive benefits from your County medical plan.
  - CareFirst BCBS and United Healthcare will process your claims as if you had elected Part B, whether you elect Part B or not. This means significantly lower benefits (or no benefits) if you do not elect Part B.
  - You cannot continue in the Kaiser plan unless you elect Part B and enroll in the Kaiser Medicare Plus Plan.
- Part D of Medicare covers a major portion of prescription costs.
  - The County's prescription plan works together with Medicare Part D to maintain your current coverage level; this process is administered through SilverScript.
  - You should not to elect a separate Medicare Part D plan if you want the County's plan through SilverScript; enrollment via SilverScript is automatic.
  - SilverScript does not apply to Kaiser participants.

# Medicare Parts A & B: When Do You Need to Apply?



Generally, you need to apply for Medicare Parts A & B at age 65. The only situations in which you do not need to apply for Medicare at age 65 are:

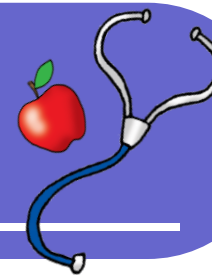
- If you are still actively employed (post age 65), or
- You are the covered dependent of someone still working with employer-provided insurance.

In these cases, you can apply during a special enrollment period within 3 months prior to or 3 months after either your or your spouse's retirement date.

**IMPORTANT:** If you do not apply for Medicare when you reach 65 or upon your or your spouse's retirement, you may be charged premium penalties assessed by Social Security.

# Medicare Parts A & B:

## Part B Premiums Are Based on Income



### Part B premiums by income

If your yearly income in 2013 (for what you pay in 2015) was

File individual tax return	File joint tax return	File married & separate tax return	You pay (in 2015)
\$85,000 or less	\$170,000 or less	\$85,000 or less	\$104.90
above \$85,000 up to \$107,000	above \$170,000 up to \$214,000	Not applicable	\$146.90
above \$107,000 up to \$160,000	above \$214,000 up to \$320,000	Not applicable	\$209.80
above \$160,000 up to \$214,000	above \$320,000 up to \$428,000	above \$85,000 up to \$129,000	\$272.70
above \$214,000	above \$428,000	above \$129,000	\$335.70

# Medicare Part D:

## SilverScript Prescription Insurance Eligibility



- If you participate in one of the County's Caremark prescription plans (High or Standard Option) and are eligible for (or become eligible for) Medicare, you will be automatically enrolled in prescription drug coverage provided by Caremark's Medicare Part D subsidiary, SilverScript. This also applies to your dependents.
- *Kaiser members:* Please note that you will not be affected since Kaiser coverage includes Kaiser prescription drug coverage.

# Medicare Part D:

## How SilverScript Prescription Insurance Works

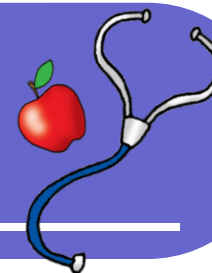


There are two plan components that work together as a single plan that is administered by SilverScript:

- A component that will provide Federal government-approved standard Medicare Part D prescription benefits (known as an “Employer Group Waiver Plan” or “EGWP”), and
- A second component (often referred to as a “wrap” or “wraparound”) that will help maintain current coverage levels.



# Medicare Part D: SilverScript & IRMAA



Medicare charges high income retirees the Income Related Monthly Adjustment Amount (IRMAA) because the SilverScript Plan is a Part D plan:

If your filing status and yearly income in 2013 was...			You pay (in 2015)
File individual tax return	File joint tax return	File married & separate tax return	
\$85,000 or less	\$170,000 or less	\$85,000 or less	your plan premium
above \$85,000 up to \$107,000	above \$170,000 up to \$214,000	Not applicable	\$12.30 + your plan premium
above \$107,000 up to \$160,000	above \$214,000 up to \$320,000	Not applicable	\$31.80 + your plan premium
above \$160,000 up to \$214,000	above \$320,000 up to \$428,000	above \$85,000 up to \$129,000	\$51.30 + your plan premium
above \$214,000	above \$428,000	above \$129,000	\$70.80 + your plan premium

# Medicare Part D:

## SilverScript Important Tips



- If you enroll in a standard Medicare Part D plan on your own, your coverage through the County will automatically cancel because the Centers for Medicare & Medicaid Services (CMS) does not allow coverage under two Medicare Part D plans.
- If you cancel coverage entirely and then go without coverage for 63 days or more, you could be liable for a Medicare Part D late enrollment penalty should you later re-enroll in a County prescription plan.
- If one or more of your covered family members is Medicare-eligible and one or more is not, those who are Medicare-eligible will receive the new SilverScript card. Those who are not Medicare-eligible will continue to use the current Caremark card with the retiree's name and ID.

# Basic Life Insurance



- As an active full-time employee, the face value of your Basic Life Insurance policy is one times your annual salary.
- The face value at retirement is calculated:

Active life ins. amount multiplied by years of service\*  
(up to 20 years) multiplied by 5% (20 x 5% = 100% of active life amount)

$$\text{\$70,000} \times 20 \times 5\% = \text{\$70,000}$$

\*Years of service is the number of years and months that you were eligible for health insurance coverage--NOT credited service used for your retirement calculation.

# Basic Life Insurance



- This amount remains the value of your policy for the first 5 years after you retire or at age 65, whichever is earlier.
- Beginning on your 5<sup>th</sup> retirement anniversary, the value of your policy will reduce by 10% of the initial value; continuing to reduce each year afterwards.
- **BUT**, the face value will never go lower than 25% of the original value:  
 $\$70,000 \times 25\% = \$17,500$
- Your policy will reduce automatically to the minimum value on your 65<sup>th</sup> birthday, and then the County pays the full premium of your life insurance.

# Basic Life Insurance



Here is an example of a life insurance reduction schedule:

5/1/15 = \$70,000

5/1/20 = \$63,000

5/1/21 = \$56,700

9/1/21 = \$17,500    At age 65

Note: 65<sup>th</sup> birthday is 9/1/21 so reduction to 25% would occur on 65<sup>th</sup> birthday.

# Imputed Income

For Basic Life Insurance above \$50k



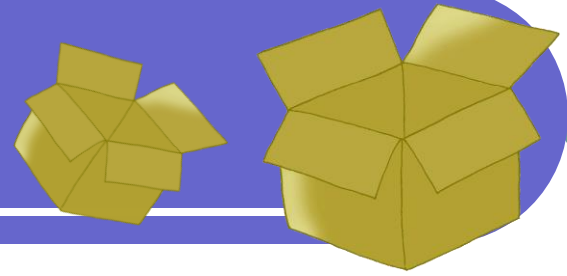
- Imputed income affects the amount of Basic Life Insurance above \$50,000.
- If Basic Life insurance at retirement is \$70,000, then the amount used for the imputed tax calculation is: \$20,000.
- Using the online calculator available on the OHR website, the monthly imputed amount is estimated to be: \$8.98.
- Multiply that by 12 months, and the yearly imputed amount to be reported is estimated to be: \$107.76.
- In the example above, you would pay tax on the estimated amount of \$107.76; you would not pay \$107.76 in taxes.

# Optional Life Insurance



- You may continue Optional Life insurance into retirement provided your coverage was in effect at the time of retirement.
- The coverage remains the amount in effect at the time of retirement.
- The cost is 100% retiree paid.
- Coverage ends at age 70.
- Coverage may be converted to an individual policy through the Minnesota Life Insurance Company.

# Moving out of state?



**Kaiser is not available nationwide**, so participants must elect either United Healthcare or one of the CareFirst BCBS POS Out-of-Area Plans (High or Standard Option). Also, because Kaiser includes prescription drug coverage, Kaiser participants must elect one of the separate Caremark Prescription Plans (High or Standard Option).

The **CareFirst BlueCross BlueShield (BCBS) Point-of-Service (POS) offers a nationwide component plan** called “CareFirst BCBS POS Out of Area.” It provides in- and out-of-network benefits if you reside outside the POS network service area. Enrollment in the Out of Area Plan is automatic for retirees who move/reside outside the POS network service area.

**United Healthcare is available nationwide**, so participants do not need to do anything to continue the same coverage.

**IMPORTANT:** Any changes to your group insurance must be made **within 60 days of your move** by completing a Retiree Group Insurance Election Form, available online at [www.montgomerycountymd.gov/ohr](http://www.montgomerycountymd.gov/ohr) (click Forms).

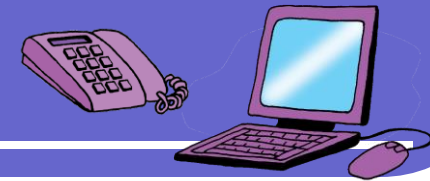


# Benefits Reminders



- You are responsible for your benefits!
- Read the materials handed out today.
- Read materials mailed to your home and let us know if you move by completing a Retiree Personal Data Form, available online through the Benefits section of the OHR website.
- Keep copies of all paperwork for your own records.
- Review deductions on your pension check.

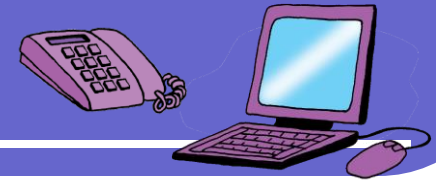
# Resources



A handy resource is the Benefits section of the OHR website. Go to [www.montgomerycountymd.gov/OHR](http://www.montgomerycountymd.gov/OHR) and then select “Retiree Health Insurance” from the “Benefits” drop-down menu at left for the latest news, materials and Health Insurance Contacts list.

A screenshot of the Montgomery County Maryland Office of Human Resources website. The page features a green header with navigation links: Home, Alerts, Translate, and a search bar. Below the header is a banner image of a park with a river. A brown navigation bar contains links for Residents, Businesses, Government, Departments, Online Services, and MC311. The main content area is titled "Montgomery County Maryland Office of Human Resources" and includes a sub-header "About OHR | Careers | Contact Us | Emergency | HR Online | MC Portal | Wellness". A left sidebar menu lists various categories, with "Retiree Health Insurance" highlighted by a red circle and an arrow. The main content area is titled "OHR Home - Retiree Health Insurance" and contains sections for "Health Insurance Materials" (with links to dental and life insurance materials), "Latest News" (with links to imputed income information), and "Top Links" (with links to retiree rates and forms).

# How to Contact Us



If you have questions that cannot be answered by browsing our website or calling a plan provider on the Health Insurance Contacts list, please contact the OHR Health Insurance Team through MC311 by dialing 311 or 240-77-0311 locally, or toll-free at 1-877-613-5212.

# Legal Information

The County expects to continue its **group insurance plans**, but it is the County's position that there is no implied contract between employees and the County to do so, and the County reserves the right at any time and for any reason to amend the terms of the plans or terminate the plans, subject to the County's collective bargaining agreements. The County may also amend the plans at any time, either prospectively or retroactively, as required by federal law.

# Thank you

We hope you have enjoyed learning about your retiree group insurance package. Thank you for allowing us to serve your health insurance needs.

*OHR Health Insurance Team*

